



By Hugh Hochberg
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WHAT A ROLLER COASTER... albeit one where the end of the ride will be at a lower point than the starting point! The global economy's continuing slide doesn't surprise many whose heads have been above the horizon for the last few years. Some of us were speaking clearly and with substance about such things as the vastly inflated value of major stock market indicators based on underlying factors. Fiscally responsible lenders have been expressing concern for years about the ease of achieving credit without borrowers having the necessary creditworthiness.

Boom economies have for decades invited non-qualified and marginally qualified developers to get into the game, given the ease of accessing money in both equity and debt forms. Adding to the allure, successful developers make development look easy, which a declining economy quickly proves is not the case.

What does this mean to architects? To sustain a practice requires sustaining a business. Sustaining a business requires understanding the economy that affects in any way every client and prospective client that a firm might serve.

Today's economy differs from any that has ever occurred, and consequently, the handbook for how to deal with it hasn't been written. Consider what has happened just since Sept. 1. In no particular

order, the collapse of Wachovia Bank, which has served as trustee of a fund involving more than 1,000 higher educational institutions, and the freezing of the fund has limited universities' access to their own operating capital. Institutions and organizations dependent on their endowments and on contributions are taking it in the shorts, since the stock market affects both endowments and contributions. Virginia's Dept. of Transportation delayed \$1.1 billion in road projects and laid off 900 employees. What might be charitably labeled as shortsighted thinking, Nexen and Opti Canada, partners in Canadian oil development, have aborted plans to invest \$5.1 billion in sand oil production in Alberta. Municipalities and other government agencies are canceling or indefinitely delaying projects, due to lack of confidence in bond sales. Significant private-sector projects, some well under construction, have been put on hold in New York, Chicago, Seattle and elsewhere. Closer to home, Oregon architecture firms have laid off more than 200 employees, and more layoffs will occur.

Now consider the upsides. In the last several weeks, fuel prices have dropped by 40 percent, and that trend is likely to continue – a consequence of reduced demand, since oil pricing is primarily manipulated based on demand rather than exploration and development costs. Construction prices have dropped by as much as 20 percent, and may decline further. By the time understanding of and confidence in the economy is restored to a reasonable level, construction costs are likely to drop, creating a great financial opportunity for clients who decide to move forward with their projects.

The relevance of much of this, which centers not on architecture but on the world around us, is exactly that: The world around us is changing dramatically, and practitioners who intend to stay in business will change with it.

Holy Crap!

Now is the time to get wide, get deep, and stay connected

Maintaining a firm staffed with competent practitioners is a smart strategy, but the word "competent" is key. Whereas "competent" refers to the skills to design and carry a project into construction, it has in recent years taken on added dimensions. In particular, competency today requires understanding and skills that go far beyond "architecture." Stated simply, the strategy "get wide, get deep, and stay connected" will serve firms well. This is what this means:

- ♦ **GET WIDE** means broadening the firm's understanding of clients' worlds – one aspect is understanding the funding sources and processes and the factors and trends that influence them. Another aspect is understanding the network of decision makers and decision influencers. Getting wide also means to increase the number of people in the firm who understand the clients' worlds. It also means broadening the firm's expertise to better respond to clients' current and upcoming needs. This expertise can be in-house or achieved through external alignments.
- ♦ **GET DEEP** means increasing skills in anything that the firm does. Being superficial doesn't cut it because inadequate capability points clients to shift their look for other providers.
- ♦ **STAY CONNECTED** means staying in touch with past, current and prospective clients, irrespective of the near-term prospects for projects. It means staying connected at multiple levels with client organizations. It means having people at various ages in the firm connected to their contemporaries in the client organizations.

Some firms – most, in fact – will plod through the next couple of years and be reasonably positioned for an upturn. A few firms, those with the willingness to invest in their own futures, will get wide, get deep and stay connected. ■

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